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United States Agency for International Development

***USAID/Thailand Bilateral Operations and
Program Close-Out Plan***

**United States Agency for International Development
Regional Support Mission for East Asia**

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ACRONYMS

AIDSCAP	AIDS Control and Prevention (USAID/Global Bureau project)
ANE	(USAID) Asia/Near East Bureau
ASEAN	Association of Southeast Asian Nations
CSR	(USAID) Civil Service Retirement
DTEC	(Thai) Department of Technical and Economic Cooperation
Deobs	Deobligations (of USAID project funds)
EPD II	Emerging Problems of Development II (USAID/Thailand project)
EXO	Executive Office (RSM/EA office)
FSN	Foreign service national
FTE	Full time equivalent (employee)
FY	Fiscal year
HG	(USAID) Housing Guaranty
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
JV	Joint venture
LICGC	Local Infrastructure Credit Guaranty Corporation
MANRES	Management of Natural Resources and Environment (USAID/Thailand project)
NGO	Non-governmental organization
NMS	New Management Systems (USAID software suite)
NXP	Non-expendable property
OE	Operating expenses
OYB	(USAID) Operational year budget
PACD	Project activity completion date
PITO	Private Investment and Trade Opportunities (USAID/ASEAN project)
PSC	Personal services contractor
PVO	Private voluntary organization
PVO Co-Fi	PVO Co-Finance (USAID/Thailand project)
RHUDO	(USAID) Regional Housing and Urban Development Office
RLA	Regional Legal Advisor (RSM/EA office)
RP	Regional Procurement Office (RSM/EA office)
RSM/EA	(USAID) Regional Support Mission for East Asia
RTG	Royal Thai Government
RTSP	Regional Technical Support Project (RSM/EA project)
S&TD	Science and Technology Development (USAID/Thailand project)
TDY	Temporary duty
UNC	University of North Carolina
USAEP	US-Asia Environmental Partnership (USAID/ANE Bureau project)
USDH	US direct hire (USAID employee)
USPSC	US personal services contractor
USTDP	US-Thai Development Partnership (USAID/Thailand project)

I. USAID/THAILAND OPERATIONS CLOSE-OUT PLAN

Introduction

USAID/Thailand is unique among the Agency's close-out missions in that it is the only one that is being succeeded, in place, by a follow-on USAID office, namely the Regional Support Mission for East Asia (RSM/EA). Thus, USAID's Thai program is undergoing a "close-out and transition" rather than a simple close-out. This eases many of the operational close-out requirements because property, records, and many USAID/Thailand personnel are being absorbed by the RSM/EA. The sections that follow highlight details of the USAID/Thailand close-out using the Management Bureau Checklist as a guide.

Personnel Checklist

Using October 1994 staffing levels as a baseline, the September 30, 1995 close-out of USAID/Thailand will result in the elimination of 22 Mission staff positions¹ and a net reduction of 21 positions. Specific staffing changes include:

- the elimination of 5 FSN professionals (mostly FSN 11s);
- the elimination of 10 FSN support positions (7 in the motor pool and 3 secretaries);
- the elimination of 2 project-funded PSCs, 1 US and 1 Thai;
- the deletion of 3 vacant positions (1 FSN professional, 1 FSN support and 1 USPSC support);
- the deletion of 2 vacant USDH positions;
- the conversion of 1 USDH position from a general development officer to a contracting officer; and,
- the addition of 1 FSN health professional (to work on the RSM/EA's proposed HIV/AIDS strategic objective).

With these personnel changes, the RSM/EA expects to meet its SO and TO requirements for the immediate future. Nonetheless, the combination of uncertainties associated with the impact of the possible RIG move from Singapore to Bangkok, the effects of the introduction of the New Management Systems, the resulting workload from possible additional programming in Vietnam and Laos and the possibility of the RSM/EA assuming additional support responsibilities for other countries in the region, make it difficult to predict future RSM/EA staffing needs with

¹ This figure includes two vacant USDH positions that the Mission has decided to leave unfilled for now (rather than actually eliminate). The Mission requests, however, that these two positions be retained under the Mission's FTE ceiling per the discussion in the text.

certainty. Accordingly, the RSM/EA requests that its FTE ceiling of 16 (14 for the Mission, 2 for RHUDO) and its USPSC ceiling of 5 be retained (3 for the Mission, 2 for the RHUDO).

Employee separation costs associated with the reduction in staff are expected to result in a one-time increase in OE costs in FY 1995 of approximately \$240,000 to \$900,000. (These figures take into account \$60,000 that has been transferred by the Mission to Washington for the affected employees to be placed in the Agency's worldwide FSN Separation Trust Fund.) The large range is due to the possibility of the eight FSNs falling under the Civil Service Retirement (CSR) System being able to convert their annuities to a lump-sum payment. The just-approved local retirement plan for non-CSR employees provides for a lump-sum payment but contains no option for CSR employees to convert to the new plan; the Embassy may seek approval from Washington to enable CSR employees to do so.

**Table 1: October 1995 Staffing Pattern
of the Regional Support Mission for East Asia**

	USDH	Offshore USPSC	Local-hire USPSC ¹	FSN Professional ²	FSN Support	Total
• Office of the Director	3				1	4
• Program & Strategic Planning	1		1		1	3
• Project Devel. & Evaluation	2			1	1	4
• RHUDO/Office of Environment	1	1	1	1	1	5
• Office of Technical Resources	1	1	1	2	1	6
• Executive Office	1		1	3	21	26
• Office of Regional Procurement	3			2	3	8
• Office of Fin. & Info. Serv.	2			9	11	22
Total	14	2³	4	18	40	78

¹ All of the local hire USPSCs are professionals. Two are spouses and do not count against the Mission's PSC ceiling.

² This chart considers positions classified as FSN 9 or above to be professional.

³ One of these PSCs, in the Office of Technical Resources, is actually a University of Michigan Population Fellow and does not count against the Mission's PSC ceiling.

Financial Management Checklist

Although the Thai bilateral program is closing, the financial management function of the follow-on RSM/EA will continue to include the provision of financial services to Cambodia, Mongolia, Tokyo, the RIG in Singapore, Burmese refugees, Vietnam and Laos. In addition, as of April 30, 1995, the RSM/EA's Office of Finance and Information Services has assumed responsibility for the residual accounts of Pakistan and Afghanistan. Therefore, the office will continue to function with its portfolio of responsibilities largely unchanged. The only effect of the Thai bilateral close-out will be the closure of certain projects in the automated accounting system.

Procurement and Supply Checklist

The RSM/EA will succeed the Thai bilateral program. Accordingly, all supplies and contracts will be assumed by the RSM/EA.

Personal Property Checklist

All expendable and nonexpendable property will be taken over by the RSM/EA. Some of the equipment previously used by departing employees (eg, computers) may be transferred to existing employees. The net surplus will be sold.

In the case of the motor pool, the Mission will sell 2 vans and 1 sedan. It will retain 3 sedans, 2 vans and 1 station wagon. (The Mission actually needs 5 of these vehicles, but since a number of them are reaching the end of their useful life, 1 will be kept in reserve to provide coverage when the others are under repair. The sixth vehicle will not be replaced when it reaches the end of its useful life.) In addition to the 6 passenger vehicles, the Mission owns 2 trucks: a pick-up used for local deliveries and a heavy truck used to transfer goods to the U-Tapao air base for onward shipment to Cambodia. The heavy truck will not be replaced when it reaches the end of its useful life.

Real Property Checklist

The Mission owns no real property. The elimination of one USPSC will result in the termination of a residential lease. Any surplus furniture will be sold. No other action is needed on residential leases because no reduction in the number of USDHs is contemplated.

Disposition of office space depends on whether the RIG office in Singapore relocates to Bangkok. If it does, and the RIG decides to occupy space currently leased by the Mission, virtually all of the Mission's excess space will be absorbed. If not, the space will be turned back to the landlord, resulting in a rent reduction of approximately \$110,000 per year (including electricity).

In addition, and contingent upon the RIG occupying the RSM/EA's excess office space, the Library of Congress has indicated a desire to rent a small portion of the excess space. The consequential cost savings, however, will be small as the Library has only two FSN employees in Bangkok.

Records Management Checklist

All USAID/Thailand project records will be closed out and disposed of according to standard procedures. Permanent records will be sent to Washington, while others will be held at the RSM/EA until procedures dictate that they should be destroyed.

II.A USAID/THAILAND PROGRAM CLOSE-OUT PLAN:

Status of Thai Bilateral Projects Scheduled for Close-Out by 9/30/95

Only two bilateral projects, as well as one ASEAN regional project and one Global Loan Guaranty Program (environmental infrastructure) were still active as of April 30, 1995. The remainder of the bilateral program has been closed and projects have ended in accordance with their PACDs. The table below presents the financial status of each project as of April 30, 1995.

**Table 2: USAID/Thailand Bilateral Project's Financial Status
as of April 30, 1995 (in \$000's)**

Project Title	PACD	Funds Obligated	Funds Committed	Estimated Pipeline	Estimated Deobs
PVO Co-Financing II (493-0342)	30-Sep-94	9,894.2	9,894.2	0	0
Emerging Problems of Dev. II (493-0341)	20-Feb-95	18,688.1	18,688.1	27.0	27.0
Science & Technology for Dev. (493-0340)	31-Mar-95	20,686.6	20,686.6	2.9	2.9
MANRES (493-0345)	30-Sep-95	18,556.2	18,236.6	1,519.7 ¹	95.0
USTD Partnership (493-0350)	30-Sep-96	9,097.3	8,828.0	6,071.1 ²	0
TOTAL (Thai Bilateral Program)		76,922.4	76,333.5	7,620.7	124.9
ASEAN PITO (399-0358)	30-Jun-95	7,645.7	7,645.7	582.3 ³	12.3
HG Project for Urban Env. Infra.	30-Sep-98	40,000.0	0	0 ⁴	0

¹ In order to increase MANRES project effectiveness, a large number of small activities were implemented. While this created an effective development project, it has complicated financial reporting. The Mission has recently put together joint DTEC/RSM/EA teams to follow-up financial details with implementing organizations. The teams have found that accrued project expenditures have been significantly understated in many cases. The estimated deobligation figure takes these findings into consideration.

² A total of \$9.1 million has been obligated to the US-Thai Development Partnership. Of the amount, \$8.4 million was used to fund the cooperative agreement with the Kenan Institute and the remainder was used for project management and related activities.

³ The March 31 financial reports show a pipeline of \$1,216,000 for the PITO project. However, an accrual of \$633,000 was not included at that date due to technical problems with the automated accounting system. The correct amount should therefore be \$582,300 as indicated in the table above. Further, it should be noted that the pipeline covers activities in the entire ASEAN region.

⁴ To date, \$40 million of guaranteed loans have been authorized; \$60 million more is available. The funds are not DA.

Project close-outs have gone smoothly. Nonetheless, one of the remaining bilateral projects, MANRES, still has a significant pipeline. Approximately 98 percent of the obligated funds are committed, however, and USAID/DTEC project managers estimate that only \$95,000 will be

unexpended and available for deobligation after the PACD of September 30, 1995. Implementing agencies, contractors and grantees under MANRES are aware of the time deadline and are finishing remaining work and submitting vouchers for work completed. USAID and DTEC have set a date of June 30, 1995, after which no changes or modifications of subproject activities or budgets will be considered and have informed all implementing agencies and grantees of this action.

The two USAID/Thailand bilateral projects exempted from the September 30, 1995 close-out deadline, the US-Thai Development Partnership and the Urban Environmental Infrastructure Support Project, are both proceeding ahead on track. The sections that follow provide progress reports on these two activities.

II.B USAID/THAILAND PROGRAM CLOSE-OUT PLAN:

US-Thailand Development Partnership Project Progress Report, April 30, 1995

Inception

The US-Thailand Development Partnership was conceived as a model for low-cost, high-impact development cooperation between the United States and advanced developing countries with a strong private sector. The model builds upon the institutional base and the considerable goodwill resulting from past development investments, and allows an advanced developing country such as Thailand to "graduate" from a donor-recipient relationship to a more mature one which focuses on partnerships and mutual interests. It was also designed to leave in place an institution capable of continuing this mutually beneficial form of development cooperation without continued USAID funding or direct management oversight by USAID.

The Partnership was originally developed as a five-year, \$20 million project. After a competitive process, a cooperative agreement was awarded to the University of North Carolina, working through the Kenan Institute (part of the Kenan-Flagler Business School) and two Thai partners - Chulalongkorn University and, the Brooker Group, a private Thai business advisory company. As the agreement was being completed, USAID decided to graduate its Thai bilateral program in September 1995. After considerable discussion, USAID, Kenan and the RTG concluded that ending the project on September 30, 1995 (after less than two years of implementation) would preclude the possibility of establishing a track record of individual partnership successes, thereby greatly reducing the chances of successfully institutionalizing the model. Subsequently, USAID/Washington approved a one-year extension of the project. The current PACD of September 30, 1996, provides for two years and nine months of actual implementation and funding of \$8.4 million for the Kenan cooperative agreement.

Project implementation is accelerating rapidly as the Partnership Project and Kenan have progressed beyond the normal project start-up period. The project is now well established and the network that Kenan created has coalesced into an extremely effective project identification, development and implementation group. In addition to the \$2.6 million in activities which have already been approved and are under implementation, Kenan is projecting that approximately \$4.5 million in new partnership activities will be approved between March 1995 and March 1996, bringing the total value of approved activities to over \$7 million by March 31, 1996. It is projected that the final disbursement of funds from the cooperative agreement will be made on March 31, 1996.

Status of Individual Partnership Activities

The Partnership's initial plan was for a total of 25 individual development partnerships to be formed over five years with grant funds of about \$15 million. However, experience during the project's first year has shown that more intensive project development services are required than anticipated in the design. This is a result of many factors, a major one being that many of the projects involve small US companies who are producing "cutting edge" environmental technologies, for example, but who do not have the international experience to enter the Thai market. The Partnership has been able to help such small to medium-size firms to develop business plans and to identify potential Thai partners. Although project development is labor intensive, the type of subprojects supported usually require small amounts of grant funding, typically in the \$30,000 - \$60,000 range. Larger grants have been needed only for a small number of projects. In the first full year of operation, the Partnership provided assistance to 45 companies and partnerships. It is worth noting that the Partnership Project in no way encourages US companies to move production or employment to Thailand. Rather, it actively promotes the introduction of US technological approaches and know-how to solve development problems facing Thailand.

Progress on Institutionalization

The Kenan Institute has contracted with a Thai legal firm to carry out the process of establishing a sister institute in Thailand to be called the "Kenan Institute of Asia." This new institute, like its sister in North Carolina, will encourage cooperative efforts to promote private enterprise and economic development through research, education and training, managerial assistance, promotion of technology cooperation and dissemination of information through publications, conferences and workshops. The Institute will serve as an important linkage between business leaders, government policy-makers and academics. It will serve as the institution carrying on the US-Thailand Development Partnership initiated by USAID.

Leadership of the Institute

The Kenan Institute was successful in attracting former Thai Prime Minister Anand Panyarachun, who is now active in the private sector, to chair the Board of Directors of the Institute of Asia. Prominent Thais and Americans, including two other former cabinet ministers, the chairman of the state railways and the leaders of major Thai and American companies, make up the board. The board includes, ex officio, the director of the Kenan Institute at UNC, and an executive director and administrative director of the Kenan Institute of Asia who serves as secretary and assistant secretary, respectively, to the Board. As Institute activities extend to other countries, the by-laws allow the Board to include nationals from other Asian countries. Board members will serve for terms of three years and will elect new members by two-thirds majority vote. Responsibilities of the Board will include:

- approving a 5-year strategic plan that outlines directions of the Institute, areas of concentration and the type and size of organizations that the Institute will assist;
- approving an annual activity plan;

- approving an annual budget and major expense items;
- assisting in contacts with businesses and government agencies when necessary;
- reviewing the Institute's annual report and evaluating its performance, with particular emphasis on ensuring that the high ethical and professional standards of the Institute are maintained;
- assisting with fund-raising when needed;
- assisting with public relations activities; and
- appointing a professional manager for the funds provided to the Institute.

Objectives of The Kenan Institute of Asia

The basic objectives and operating procedures for the new Institute will be embodied in a charter currently being drafted. The charter is consistent with and builds upon the model established by the US-Thai Development Partnership Project. The Board of Directors will provide overall policy guidance on the basis of the charter. The central theme will be to promote development cooperation through mutually advantageous programs among US and Asian corporations, government agencies, academic institutions, NGOs and other development organizations. The Kenan Institute of Asia will continue to foster bilateral cooperation among the private and public sectors to address critical development problems. The initial focus on HIV/AIDS and the environment will be expanded in time to include a mix of program areas including, *inter alia*, technology cooperation, human resource development and infrastructure expansion.

Structure and Staffing of the New Institute

The Kenan Institute at UNC already has an active regional office in Bangkok. This office is currently headed by an American employee of the University of North Carolina. The new Kenan Institute of Asia will be managed by an executive director who will be a well-qualified Asian with experience in the private sector. This executive director will be in charge of strategic planning and liaison with Asian academic institutions, the government, NGOs and the private sector. The executive director will be supported by an administrative director. The administrative director will be an employee of the Kenan Institute at UNC. He or she will assist the executive director, particularly in the areas of internal administration, project development and coordination, relations with the multi-national private sector and liaison with the Kenan Institute at Chapel Hill. Both the executive director and the administrative director shall provide support for the Board of Directors as required.

Funding

The activities of the new Kenan Institute of Asia will be funded by:

- an account representing a transfer of funds from the cooperative agreement;
- an annual \$200,000 grant from the Kenan Institute/UNC and its partners;

- costs recovered from successful commercial ventures (reflows);
- full cost-recovery programs; and
- grants for specific programs and activities from foundations, the US and Thai private sectors and multilateral institutions.

USAID proposes to create an account at UNC and make a final disbursement of funds into this account when the Kenan Institute of Asia is legally chartered and operational. The establishment of the Thai entity will be the condition of the establishment of the account. The Mission projects this to be completed in March 1996.

Expenditure Plan

The table of projects at the end of this section provides a breakdown of: a) projects that have been approved and are currently being implemented; b) projects that are under active development; and c) projects that have been identified for future development. In addition to the name and a brief description of each partnership, the table includes the total value of each partnership, followed by the cost to be funded under the Partnership project by Kenan and the expected dates for formal approval of each individual project.

It is difficult to predict precise timetables for individual activities. Two key features of the Partnership model - cost sharing and mutual benefit - require the active participation and commitment of the Thai and US partners. Experience has shown that bringing a Partnership activity from the concept stage to final development and implementation varies with each case, depending on the time it takes for the "partners" to put agreements in place and secure funding.

Recent Progress and Expected Next Steps

In December 1994, former prime minister Anand Panyarachun accepted the chairmanship of the Kenan Institute of Asia's Board of Directors. The first meeting of the Board occurred the same month. In March 1995, the University of North Carolina gave power of attorney to the UNC employee who serves simultaneously as the administrative director and executive director of the Kenan Institute of Asia. In April 1995, Mr. Anand traveled to the University of North Carolina to meet with the Board of the Business School and to finalize plans for the Institute. In this same month the Tilleke & Gibbins law firm in Bangkok was contracted to undertake formal registration of the Kenan Institute of Asia.

The following additional actions are expected in the coming months:

- The founding members and initial committee members are named as part of the Institute's application as a non-profit Thai foundation. Anticipated date of completion: May 1995.
- A draft of the Institute charter is completed and submitted for approval. Anticipated date of completion: May 1995.

- Official interviews of Board members conducted and background checks undertaken by the RTG. Anticipated date of completion: July-September 1995.
- Kenan/UNC formally approves establishment of a local account for the new Institute of Asia. Anticipated date of completion: October 1995.
- A second and more formal meeting of the Board is held, with US members joining and US and Thai government representatives attending as observers. This meeting will formally approve the charter, bank account, strategic plan and operating procedures. Anticipated date of completion: November 1995.
- Private sector fund-raising efforts begin and an executive committee is established. Anticipated date of completion: November 1995 (but after the second formal Board meeting).
- An Institute bank account is established with funds per the Board decision. Anticipated date of completion: January 1996.
- The formal registration and licensing process of the Institute is completed. Anticipated date of completion: January-March 1996.
- Formal agreement between RSM/USAID and UNC on the establishment of the account to finance Partnership projects. Termination of the cooperative agreement. Transfer of the final USAID disbursement into the account. Formal agreement between UNC and the Kenan Institute for Asia on the establishment of an account to hold funds derived from reflows of grants made by UNC. Anticipated date of completion: March 1996.

**Table 4: US-Thailand Development Partnership
Spending Plan 1994-1996**

Project Name	Description	Partnership Value \$	Kenan Funds \$	Expected Approval Date
Spending Approved and/or Disbursed				
Thai Women of Tomorrow	Keeping young women out of the sex industry by keeping them in school	300,000	64,500	Mar-94
SEI Seminar on Clean Power*	Seminar bringing in Southern Electric International to discuss electric power privatization	10,000	1,500	Mar-94
BOI US Environmental Tour*	Support for BOI tour seeking US companies	75,000	3,800	May-94
Electric Tuktuk	Joint venture between Pholasith Tuktuk and US Electricar to produce 3-wheeled electric tuktuk	3,000,000	400,000	May-94
Opacity Meter	Imported equipment for testing to allow specification of US equipment	20,000	4,000	Jul-94
Urban Environmental*	Environmental engineering TA for urban environmental infrastructure	200,000	200,000	Jul-94
USETI/Medical Waste*	Medical waste training courses by US consultants and equipment suppliers to Thai hospitals	410,705	121,622	Jul-94
IIEC/Dealmaker*	Promotion of US-Thai joint ventures stressing energy efficiency	300,482	100,052	Jul-94
AIDS Education in Workplace	Fund raiser to support sustainability of NGOs providing AIDS training to workers and executives	44,120	38,120	Aug-94
ICL/Tuberculosis	Development and introduction of low-cost TB diagnostic testing to be produced under license	1,950,000	144,400	Aug-94
WMI Hazardous Waste Facility	Hazardous waste facility in Rayong with Waste Management as designer, builder, operator	24,000,000	60,000	Sep-94
CEO/Batteries	Joint venture to produce batteries for electric vehicles and battery energy storage	20,000,000	20,000	Sep-94
Pacific Adobe	Joint venture to manufacture machinery to produce thermally efficient pressed laterite bricks	250,000	25,965	Oct-94
IEAT/Bechtel Environment	Ground water modelling at Bangpoo Industrial Estate as first step to remediation	42,150,000	60,000	Nov-94
Bangkok RIA II	Assistance to expand AIDS diagnostic production under license to PATH, a US NGO	572,880	54,429	Nov-94
Ambient Air Quality	Training in support of Radian Corp. bid on World Bank air quality monitoring project	1,600,000	51,000	Dec-94
Green Pages*	Data base of Thai environmental companies to provide updated, information to US companies	33,720	33,720	Jan-95
Radian Joint Venture	Screening of JV partners to help Radian Corp. open an office in Bangkok	100,000	5,000	Jan-95
Nakhon Pathom Landfill Gas Phase I	Landfill gas and leachate system for generation of electricity with 79 Group & Kasetsart U.	15,000	9,662	Mar-95
Bay-CON Solid Waste Compaction	Equipment for solid waste management, transportation and compaction for municipal users	100,000	8,930	Mar-95
Central River Basin Pollution	Wastewater computer modelling training to support planning for central rivers	2,000,000	108,915	Mar-95
Slop Oil Recovery & Recycling Phase	Technical assistance for business plan for slop oil recover system	50,000	7,000	Mar-95
Waste Expo Participation*	Organizing Thai participation in Chicago Waste Expo targeted at project owners	22,085	22,085	Mar-95
Unattributed Project Dev. Costs*	Includes consulting services, information searches, travel for US & Thai companies, institutionalization costs, and communications	0	604,000	Mar-95
Admin. and Overhead Expenses*	Includes office rental, accounting, auditing and secretarial services	0	427,000	Mar-95
TOTAL APPROVED EXPENDITURES TO MARCH 1995		97,203,992	2,575,700	Mar-95

Projects Under Active Development

PCD Regional Solid Waste	Technical assistance for privatization planning of solid waste management	100,000,000	62,500	Apr-95
Prajatibhat Landfill Design	Upgrade landfill standards, design through US designer for MACRO Co. project	200,000	20,000	May-95
Fishery Constructed Wetlands	Treatment of aquaculture pollution through constructed wetlands	2,104,600	74,124	Aug-95
Energy Efficient Building	Introduce energy efficient design to two Thai buildings	2,000,000	150,000	Aug-95
Nakhon Pathom Landfill Gas Phase II	Landfill gas and leachate system for generation of electricity with 79 Group & Kasetsart U.	800,000	150,000	Sep-95
Energy Conservation	Introduction of DSM technology and methodology	1,000,000	100,000	Sep-95
Compact Electronic Ballast	US-Thai JV to design and manufacture 220 v. electronic ballasts	1,000,000	60,000	Sep-95
Sahaviriyo Power	Environmental equipment for power plant to be build by Sahavirya	20,000,000	100,000	Sep-95
IEAT/ESC Stack Emissions	Emission monitoring at industrial estates in cooperation with IEAT	295,000	18,495	Sep-95
IBI Heatpipe	Produce heatpipes to increase efficiency of industrial air conditioning	3,091,000	66,190	Oct-95
BMA Landfill and Compost	Provide integrated landfill program for BMA that includes separation, composting and recycling	36,000,000	200,000	Oct-95
Auto Emission Testing	Demonstration of US Auto emissions testing equipment	75,000	25,000	Nov-95
Compact Electronic Ballast	Tech transfer for smaller size energy efficient electronic ballasts	2,000,000	50,000	Nov-95
Triangle Labs	Set up a joint venture water analysis lab with Triangle Laboratories	400,000	5,000	Nov-95
BMA Solid Waste Incinerator	Build and operate an incinerator using refuse-derived fuel to produce electricity for BMA	80,000,000	200,000	Nov-95
Songkhla Integrated Waste	Technical assistance for integrated solid waste and waste water management system	13,000,000	240,000	Nov-95
Forestry Biodiversity	Tree improvement through an international research consortium	501,000	146,000	Nov-95
On-Line Monitoring	Demonstrate US technology used to provide on line monitoring of industrial waste	500,000	50,000	Nov-95
Clarus/Recycle Used Oil	Set up recycling system for used oil using filtering technology of Clarus Co. on a franchise basis	400,000	45,000	Dec-95
Slop Oil Recovery and Recycling Phase II	Actual set up of slop oil processing facility after completion of Phase I study	2,000,000	50,000	Dec-95
Banpu Joint Venture	Set up environmental JV between Banpu & US company focussing on solid waste & waste water	600,000	50,000	Dec-95
Carbon Offset	Reforestation and preservation	10,000,000	250,000	Dec-95
Microwave Medical Waste	Product demonstration to help sell ABB hospital waste treatment equipment to Thai hospitals	250,000	60,000	Dec-95
Rayong Relief Center	Initiate a self-funding AIDS treatment center in Rayong province with Thai foundation	240,000	40,000	Jan-96
Shrimp Farm Pollution Reduction	Use advanced iodine & microbe treatments to reduce pollution & mangrove destruction by shrimp farm	300,000	75,000	Jan-96
SOA/TEDA Ponding	Set up JV to introduce integrated ponding as waste water treatment for pulp & paper industry	500,000	35,000	Jan-96
Hospital Waste Programs	Follow on from training program to establish proper disposal of hospital waste	1,500,000	50,000	Jan-96
Rachabhat Env. Science Teaching	Assist MOE in environmental teaching through training and sale of US scientific equipment	1,000,000	50,000	Feb-96
Phuket Garbage Disposal	Solid waste recycling, collection & compaction on BOT or BOO basis in Phuket	256,800	15,000	Feb-96
MTC Transfer Stations	JV to undertake sorting and recycling solid waste	400,000	50,000	Feb-96
Synapse/Nochar	Develop agency for distribution of Nochar bonding agent used in oil spills	233,000	50,000	Feb-96
Power Management Institute	Develop an advanced training facility for electricity production and power management	2,000,000	350,000	Feb-96
National Emergency Response	Provide information and software for a national energy response system	10,000,00	80,000	Feb-96
APS Electric Bus	JV with APS of the US to retrofit buses with electric engines, eventually moving to production	4,000,000	150,000	Feb-96
Aquas sanitation	JV or licensing of integrated waste treatment & protein production system using duckweed	300,000	35,000	Mar-96
Seaboard Regional Waste	Planning and implementation of regional solid waste for Eastern Seaboard	5,000,000	350,000	Mar-96
Unattributed Project Dev.Costs*	Includes consulting services, information searches, travel for US & Thai companies, institutionalization costs, and communications	0	632,000	Mar-96
Admin. and Overhead Expenses*	Includes office rental, accounting, auditing and secretarial services.	0	418,000	Mar-96

ESTIMATED TOTALS MARCH 1995 TO MARCH 1996

399,150,392 7,128,009 Mar-96

Projects Identified and Tracked

BMR Regional Sanitary Landfill	Establishment of regional landfill for the five provinces adjacent to Bangkok	50,000,000	200,000	Mar-96
Mangrove Reforestation	Provide methodology for managing mangroves	250,000	10,000	Apr-96
Textile Industry Pollution	JV to sell pollution solutions to textile plants	500,000	100,000	Apr-96
Yannawa Water Treatment	Phase II wastewater treatment construction	6,400,000	48,000	Apr-96
Green Fund	Establish a "Green Fund" on the Stock Exchange	200,000	100,000	May-96
EVH Electric Motorcycles	Provision of US technology to Electric Vehicles Holdings to produce electric motorcycles	2,000,000	100,000	May-96
Navistar/Diesel Engines Phase II	Clean diesel engine production using technology from Navistar in Chicago	6,000,000	100,000	Jun-96
Yannawa Waste	Oversee construction of the BMA's third phase waste water treatment system	6,400,000	48,000	Jun-96
Landfill Mining	Remove recyclables from old landfills, providing space for additional landfill	10,000,000	120,000	Jun-96
Recycling Joint Venture	Transfer technology to Thai NGOs	300,000	35,000	Jun-96
AIDS Counseling	Establish a system of AIDS counseling centers at Thai wats by training Buddhist monks	2,000,000	100,000	Jun-96
AIDS/Home Training	Provision of low cost home care for AIDS victims	102,680	15,000	Jul-96
PWD Environmental Institute	Provide advanced environmental design training for Public Works Department	1,000,000	250,000	Jul-96
Pre-Natal AZT	Test hospital training program on prenatal AZT treatment	3,000,000	150,000	Jul-96
AG Technologies	Introduce environmentally sound farming using insect resistant strains and natural insecticides	99,370	37,000	Aug-96
Phuket Incinerator	Design and construction of BOO incinerator	72,000,000	50,000	Sep-96
Environment Lab Certification	Establish program for certification of environmental testing laboratories	400,000	55,000	Sep-96
Samut Prakan Waste Water	Privatize industrial waste water treatment	2,000,000	50,000	Sep-96
GIS Applications	Demonstrate US GIS technology, training for provision of advanced environmental software	4,000,000	30,000	Oct-96
Micropropagation	Improve seedling development through micropropagation technique in forestry	71,161	33,000	Nov-96
Arsenic Contamination	Remediate arsenic contamination from abandoned tin mine	250,000	100,000	Nov-96
Nonthaburi Waste	Get US company into consortia bidding on waste water treatment plants	32,000,000	150,000	Dec-96
Chachoengsao Waste Water	Get US company into consortia bidding on waste water treatment plants	11,520,00	40,000	Jan-97
Nonthaburi Landfill	Remediate landfill polluting groundwater	9,000,000	150,000	Feb-97
IEAT/Min. of Industry Emergency Sys.	Develop software & information systems to combat chemical emergencies	8,000,000	60,000	Feb-97
Unattributed Project Development Costs*	Includes consulting services, information searches, travel for US & Thai companies			
	institutionalization costs, and communications		0 600,000	Mar-97
Administrative and Overhead Expenses*	Includes office rental, accounting, auditing and secretarial services		0 400,000	Mar-97

ESTIMATED TOTALS BEYOND MARCH 1996

227,493,211 3,131,000

ESTIMATED OVERALL TOTALS FOR ENTIRE PERIOD

723,847,596

12,834,709

* Nurturing activities that lay the groundwork for partnerships.

II.C USAID/THAILAND PROGRAM CLOSE-OUT PLAN:

Urban Environmental Infrastructure Support Project Progress Report as of April 30, 1995

Overview

The RSM/EA's Environment Office (formerly RHUDO/Bangkok) has been working with the Thai government to establish a privately managed guaranty corporation that will offset risk in lending to municipalities (primarily Thailand's secondary cities) and private companies investing in urban infrastructure facilities.² This project, which involves \$100 million in loan guarantees, was approved at the end of FY 1993 and was exempted from the September 30, 1995 close-out of the Thai bilateral program. Its PACD is September 30, 1998.

To date, USAID and the Royal Thai Government (RTG) have signed a Housing Guaranty Implementation Agreement which authorizes the RTG to borrow up to US\$40 million out of the total project amount of US\$100 million. Another US\$10 million is expected to be authorized in FY 1995. USAID has also contracted with US experts in the fields of municipal finance and the financial guaranty insurance business to provide technical assistance to the Ministry of Finance and major municipalities across Thailand. A proposal to legally establish a local infrastructure credit guaranty corporation in Thailand has been approved in principle by the RTG Cabinet and Parliamentary deliberations are expected to occur in June, 1995.³

Background

Eighteen months ago, USAID/Thailand launched the Urban Environmental Infrastructure Support Project (493-HG-005) which authorizes up to \$100 million in Housing Guaranty resources to assist the RTG expand investment in urban environmental infrastructure. Specifically, USAID is supporting the RTG and private financial institutions in developing a facility which will guarantee up to \$1.2 billion in urban environmental infrastructure investments. Furthermore, the facility will provide local governments with direct access to the private capital market and encourage private investors to participate in infrastructure financing.

² It is anticipated that Thailand's secondary cities will be the primary customers of the facility, although Thailand's primary city, Bangkok, as well as private sector firms may also use it.

³ A new law is required since the guaranty corporation would be the first financial institution of its kind in Thailand. In addition, the law would essentially provide new fiscal powers to local governments by allowing them to borrow from private capital markets.

Government efforts to promote decentralization are encouraging Thai municipalities to assume greater responsibility for financing their own infrastructure. Available estimates indicate that the level of investment needed for urban environmental infrastructure far outweighs the amounts currently invested through intra-governmental transfers and the municipalities' normal practice of "pay-as-you-go." For wastewater treatment alone, Thailand could invest \$4 billion immediately and still be far from meeting the total need in the country. At least \$2 billion is needed for wastewater treatment in Bangkok alone. The financial shortfall in needed environmental infrastructure is projected to be around \$3-4 billion over the next 10 years.

In developing the necessary legal and financial framework to formally establish the credit guaranty facility, USAID has been providing training and technical expertise to the Ministry of Finance and Ministry of Interior over the past 18 months. These efforts have been directed at resolving the following problems:

- the perception that cities are risky borrowers because of their limited experience in servicing debt;
- the aversion of Thai banks to loans with terms over 8 years;
- the cities' unfamiliarity with many of the financial management techniques associated with debt; and
- the opportunity costs incurred by private investors when they invest in municipal debt rather than investments that pay higher returns such as hotels, office buildings and condominiums.

To better acquaint municipal officials with the potential debt carrying capacity of some of the larger Thai cities, USAID sponsored two separate training workshops for over 100 participants from national and local governments in Thailand. These workshops demonstrated that 10-15 of Thailand's largest cities have the capacity and capability to finance large environmental infrastructure projects without placing additional burdens on their budgets.

To strengthen the perceived creditworthiness of Thai cities and, at the same time, provide incentives to private financial institutions to lend for urban environmental infrastructure, USAID is currently assisting the Ministry of Finance in its efforts to establish a Local Infrastructure Credit Guaranty Corporation (LICGC). When the LICGC becomes operational, the USAID loan guarantees will be made available at that time to the RTG to help capitalize it, the funds are needed.

The specific organizational/administrative structure of the LICGC is still being finalized. Generally, however, it would function as a private corporation with the RTG initially owning 49 percent of the equity and private investors owning 51 percent. After a period of time, the RTG is likely to reduce its equity share. Equity capital would be invested in short-term securities and other debt and serve as a risk capital pool to repay investors if borrowers default or are tardy on any payments. LICGC would charge a fee, perhaps 1.5 to 2 percent, for the credit guarantee.

Private investors in Thailand seem fully prepared to invest their funds long-term with the LICGC guarantee. In addition, there is also interest among US financial guaranty corporations to provide

management/technical advice in return for the opportunity to hold an equity share in the LICGC. This arrangement is currently being explored by the Ministry of Finance and USAID.

The LICGC is expected to open up a significant debt market for environmental infrastructure investments in Thailand. Within a few years, the LICGC is likely to function much as a municipal bond insurer functions in the US, insuring or guaranteeing direct municipal bond issues. In the near term, credit is expected to come mainly from commercial banks since they hold over 70 percent of the financial assets in the Thai economy.

Expected Next Steps

- The Ministry of Finance (MoF) finalizes, and the RTG Cabinet approves legislation establishing the LICGC. Thailand's Parliament most likely to follow suit. USAID authorizes an additional \$10 million in loan guarantees (total: \$50 million). Anticipated date of completion: June-August 1995.
- The MoF establishes an interim Steering Committee consisting of two RTG representatives with the remaining majority being selected from private financial institutions. (USAID would request to sit in as an "ex-officio" participant.) Anticipated date of completion: July 1995.
- The Steering Committee accepts the scope of work for contracting experts to develop a Draft Business Plan (USAID funded). The Steering Committee approves the Draft Business Plan. Anticipated date of completion: August 1995.
- The Steering Committee organizes an "information meeting" with potential equity participants and beneficiaries of the LICGC, regulators and rating agencies (USAID funded). Anticipated date of completion: September 1995.
- The LICGC finalizes equity-holders' participation and nominates a Corporate Board of Directors. Anticipated date of completion: October 1995.
- The Corporate Board of Directors adopts the Business Plan. Anticipated date of completion: October 1995.
- The LICGC deposits the first tranche of capitalization. USAID authorizes an additional \$25 million in loan guarantees (total: \$75 million). Anticipated date of completion: November 1995.
- The LICGC begins operations and guarantees the first loans for urban environmental infrastructure. Anticipated date of completion: December 1995.
- USAID authorizes an additional \$25 million in loan guarantees (total: \$100 million). Anticipated date of completion: June 1997.
- The Ministry of Finance borrows \$100 million in USAID guaranteed loans. Anticipated date of completion: June 1998.

II.D USAID/THAILAND PROGRAM CLOSE-OUT PLAN:

Global and ANE Bureau Activities in Thailand with Regional and Worldwide Applicability

USAID/Thailand has had limited involvement in nine of the ten centrally-funded projects that will continue to operate after the close-out. (See table below.) The tenth project, entitled Innovative Scientific Research is managed by the Mission's Technical Resources Office. The project has six grants: Leguminous Tree Leaves; Bacterial Fish Sauce; Agriculture Biotechnology Workshop; Genetic Thai Dengue Fever (two projects); and Giant Catfish. Additional USAID centrally-funded basic research and pilot demonstration projects, with regional or worldwide applicability, are also likely to be located in Thailand, involving non-governmental research and training organizations. They include health research projects with Mahidol and Chiang Mai Universities, as well as a five-year, \$3 million disaster prevention and mitigation technical assistance project covering South and Southeast Asia.

Table 3: Centrally Funded Projects in Thailand Expected to Continue After 9/30/95

Project Title ¹	Project No.	PACD	Funding	Scope	RSM Involvement
1. Peanut Collaborative Research	935-4028	TBD	\$1,714,000	Regional	Little/None
2. Pond Dynamics	936-4023	TBD	2,000,000	Regional	Little/None
3. Contraceptive Research and Development	936-3044	09/30/96	--	Worldwide	Little/None
4. Dengue Fever Research	936-5600	08/31/97	150,000	Regional	Limited
5. Catfish Research	936-5600	09/30/97	139,000	Regional	Limited
6. Regional Disaster Advisor	968-2701	TBD	800,000	Regional	Limited
7. Univ. Development Linkages	936-5063	09/30/96	1,000,000	Regional	Limited
8. Univ. Development Linkages	936-5063	09/30/96	750,000	Regional	Limited
9. AIDSCAP Regional Office	936-7972.31	09/30/97	750,000	Regional	Limited
10. Innovative Scientific Research	936-5600.06	08/31/97	593,554	Regional	RSM/EA Mgmt

¹ The AIDSCAP project includes a bilateral component which will be terminated either at the end of FY 1995 or 1996. TBD To be determined. The Global Bureau and the Humanitarian Resources Bureau are currently examining possible extensions of these projects.

After the Thai bilateral close-out, the RSM/EA expects existing management arrangements to continue largely unchanged. The only exception is that the management of the Innovative Scientific Research Project will be transferred to a different FSN because the position of the individual currently managing the project is scheduled for elimination by 9/30/95.